

GEORGIA PUBLIC SERVICE COMMISSION

2012 Annual Report



**Chairman Tim Echols
Vice Chairman Chuck Eaton
Commissioner H. Doug Everett
Commissioner Lauren "Bubba" McDonald, Jr.
Commissioner Stan Wise**

Georgia Public Service Commissioners 2012



**Commissioners (left to right) Doug Everett, Chuck Eaton, Stan Wise,
Lauren “Bubba” McDonald, Jr., Tim Echols**

Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334
404-656-4501 (telephone)
404-656-2341 (facsimile)
800-282-5813 (toll-free within Georgia)
www.psc.state.ga.us

© 2013 Georgia Public Service Commission

Table of Contents

Letter To The Governor	3
History and Mission of the Commission	4
Highlights of 2012	6
Public Service Commission Profiles	10
H. Doug Everett	10
Chuck Eaton	11
Tim G. Echols	12
Lauren “Bubba” McDonald, Jr.	13
Stan Wise	14
Public Service Commission Leadership Team	15
Utilities Division	16
Electric Unit	17
Natural Gas Unit	21
Telecommunications Unit	30
Consumer Affairs Unit	34
Internal Consultants Unit	41
Facilities Protection Unit	44
Administration Division	47
Budget and Fiscal Office	47
Executive Secretary	48
Human Resources Office	48
Public Information and Legislative Liaison Office	49
Office of Operations Support	52
Agency Budget	53

LETTER TO THE GOVERNOR

December 31, 2012

The Honorable Nathan Deal
Governor of Georgia
Office of the Governor
State Capitol
Atlanta, Georgia 30334

Dear Governor Deal:

The Georgia Public Service Commission presents its 2012 Annual Report, pursuant to O.C.G.A. § 46-2-31, which highlights the agency's major achievements during the past year regarding the state's regulated utilities. The Commission dealt with several major issues in 2012, including the Vogtle Nuclear Power Plant construction project, large scale solar projects, Georgia Power fuel rates and proposals for compressed natural gas fueling stations. On July 1, 2012, pursuant to H.B. 865, the Commission transferred the Transportation Section to the Department of Public Safety Motor Carrier Compliance Division.

In the face of continuing agency budget cuts, the Commission has implemented strategic initiatives and prioritized available funds to ensure that Georgia consumers receive the best possible value in utility and telecommunication services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Commission contributed over \$2.2 million to the state's treasury in fiscal year 2012, primarily as a result of its enforcement activities.

The Georgia Public Service Commission looks forward to serving Georgia's citizens in 2013 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,



Tim G. Echols, Chairman
Chuck Eaton, Vice Chairman
H. Doug Everett, Commissioner
Lauren "Bubba" McDonald, Jr., Commissioner
Stan Wise, Commissioner

HISTORY AND MISSION OF THE COMMISSION

MISSION

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected on a statewide basis. The Commission's mission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, electric and natural gas services from financially viable and technically competent companies. The Commission's regulatory activities are primarily focused on investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans, provide for the safety of natural gas pipelines and protect underground utility systems from damage.

Over the past two decades, growth, competition and technological advances have significantly changed the Commission's role. With market segments of the telecommunications and natural gas industries open to competition, the Commission facilitates market development, educates consumers, arbitrates complaints among competitors and monitors the effectiveness of the competitive markets.

HISTORY

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from increased railroad expansion and competition. Created as the Railroad Commission of Georgia, the Governor originally appointed the three members of this body for the purpose of regulating railway freight and passenger rates. In 1906, the Legislature changed the law to allow the voters to elect the Commissioners for six-year terms. In 1907 the Legislature expanded the Commission to five members.

In 1891, legislation added telegraph and express companies to the Commission's jurisdiction. Then, in 1906 the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission.

In 1943, the Commission became a constitutional body (Article 4, Section 1, 1983 Georgia Constitution). Its powers and duties are established by legislation and described in Title 46 of the Official Code of Georgia. The Legislature in 1998 required Commissioners to reside in five separate districts though they remain elected by the voters statewide. This change was effective for the 2000 elections.

In 2001, the Commission's Transportation Division became part of the new Department of Motor Vehicle Safety as a result of legislation passed by the 2001 General Assembly.

In 2002, Earleen Sizemore became the first woman to serve on the Commission following her appointment to the Commission after the death of longtime Commissioner Bob Durden in May 2002. Later in November 2002, Angela Speir became the first woman elected to the Commission.

In 2005, the Commission resumed responsibility for regulatory jurisdiction over household goods movers, limousines for hire, passenger carriers and nonconsensual towing following passage of House Bill 501.

In 2006, the Commission approved the acquisition of BellSouth Georgia by AT&T which serves nine southeastern states.

In 2009, the Commission approved the construction of Georgia's and the nation's first new nuclear power electric generation facilities since the 1970s.

In 2010, the Commission handled three major utility rate cases; a fuel cost recovery case, integrated resources plan docket and continued nuclear plant construction monitoring.

During 2011, the Commission continued its monitoring of the Plant Vogtle nuclear construction project, approved a decrease in Georgia Power's fuel recovery rates and considered a proposal to initiate a series of compressed natural gas fuel stations around the state. The Commission also approved an innovative Georgia Rate Adjustment Mechanism for Atmos Energy which reduced annual residential rates for Georgia Atmos Energy customers by \$12 in 2012.

In 2012, the Commission transferred jurisdiction over household good movers, passenger buses, limousines and non-consensual towing to the Department of Public Safety, pursuant to House Bill 865. The transfer was effective on July 1, 2012. In addition, the Commission approved a reduction in Georgia Power's Fuel Cost Recovery rates.

HIGHLIGHTS OF 2012

The Commission's major achievements during 2012 regarding utility regulation, pipeline safety, facilities protection and administration are set forth below. A more detailed report from each Commission unit follows this summary.

ELECTRIC

During 2012 the Commission held hearings in the fifth and sixth Georgia Power Nuclear Plant Vogtle Construction Monitoring proceedings. The Commission and Georgia Power reached a settlement that resolved the mechanism for dealing with any potential construction cost overruns. This agreement gives the Commission the ability to disallow costs as imprudent even after they have been verified and approved in the semi-annual review process.

Fuel costs to generate electricity tracked lower than projected in 2012 following the implementation of revised fuel rates in 2010. Accordingly, the Commission reduced Georgia Power Company residential customers' rates by \$8 a year. A request for an increase or decrease in the fuel cost rates is not the same as a request for an increase or decrease in base rates. Georgia Power cannot earn a profit on fuel costs.

The Commission approved contracts for the expansion of Georgia Power's solar energy resource by 50 megawatts following a tremendous response from potential suppliers. This amount represents a 1200% increase in Georgia Power's solar resource portfolio.

The Commission continued to monitor environmental proceedings at the state and national level.

NATURAL GAS

At the end of 2012 the state had eleven Commission certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company delivery area.

During 2012 the staff conducted audits of: Atlanta Gas Light Company's Manufactured Gas Plant; Atlanta Gas Light Company's Pipe Replacement Program (PRP); Atlanta Gas Light Company's Integrated Customer Growth Program (i-CGP); Atlanta Gas Light Company's Integrated-System Reinforcement Program (i-SRP); Atmos Energy's Cast Iron and Bare Steel Retirement Program; and Atlanta Gas Light Company's Universal Service Fund (USF).

In September 2012 the Commission issued an Order approving Atmos Energy's 2012 - 2013 Gas Supply Plan. In November 2012 the Commission approved AGLC's 2012 - 2013 Universal Service Fund Facilities Expansion Plan. Of the \$28 million requested, the Commission ranked and approved \$17.3 million in projects. As of December 19, 2012, the Regulated Provider had a total of 72,330 customers, with 23,755 designated as Group 1 and 48,575 designated as Group 2.

TELECOMMUNICATIONS AND TRANSPORTATION

In 2012 the Commission transferred the regulation of “for hire” intrastate motor carriers including household goods carriers, limousine operators, buses, and wrecker companies performing private property trespass towing operations to the Department of Public Safety Motor Carrier Compliance Division. The Commission and the Executive Branch supported House Bill 865 which authorized this transfer.

The Commission granted certificates of authority to 12 long-distance resellers, one alternative operator service provider, 13 competitive local exchange providers, eight inter-exchange service providers and one payphone service provider. The total number of active certificates in 2011 was 354 resellers, 78 alternative operator service providers, 264 competitive local exchange providers, 103 inter-exchange service providers, 419 payphone service providers, 21 institutional telecommunication service providers and over 30 incumbent local exchange service providers. The Commission also approved 48 interconnection agreements and designated five competitive eligible telecommunications carriers.

The Commission approved disbursements to all applicants for the 16th Universal Access Fund (UAF) year of \$16,025,874.31.

FACILITIES PROTECTION

During 2012 the Facilities Protection Unit’s Pipeline Safety staff monitored and inspected over 1,200 miles of transmission, nearly 44,000 miles of distribution pipelines, and more than 2,000,000 service lines transporting natural gas to Georgia customers in 147 counties. The Facilities Protection Unit evaluated operator compliance with state and federal Pipeline Safety Regulations by conducting 482 inspections, expending 969 inspection days.

The Commission continued its damage prevention efforts in 2012 by providing twenty presentations by Facilities Protection Unit’s Georgia Utility Facilities Protection Act (GUFPA) staff to over 200 attendees. The Commission also oversaw the administration of 410 Commission-approved dig law training presentations to 1,948 attendees comprised of locators, excavators and facility owner/operators. The GUFPA staff’s participation in these meetings continued to strengthen the Commission’s relationship with different groups across the state dedicated to damage prevention, such as: the Georgia Utility Contractor’s Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

The Facilities Protection Unit faced several challenges in 2012. The Pipeline Safety staff began enforcement of new federal regulations for public awareness and prepared for the roll out of Distribution Integrity Management regulations. In addition, State budget constraints continued to challenge PSC enforcement of the GUFPA, which were somewhat offset by receipt of the federal One Call Grant and the state Damage Prevention Grant from the Pipeline and Hazardous Materials Safety Administration

(PHMSA) of the Federal Department of Transportation. The approximately \$143,000 from PHMSA for these two grants allowed the Commission to continue employing a GUFPA field investigator and an administrative assistant.

LOCAL AND NATIONAL ACTIVITY

The Commission monitored electric, natural gas and telecommunications issues on the federal level that could potentially impact Georgia utility companies and their customers. Two major federal issues that the Commission actively monitored during 2012 were the Mercury and Air Toxics Standard (MATS) portion of the American Clean Energy and Security Act and the Yucca Mountain project, a proposed national nuclear waste repository.

CONSUMER AFFAIRS

The total number of calls to the Commission's Consumer Affairs Unit as reported by the Commission's Automated Call Distributor (ACD) for 2012 was 17,612. There were 478 calls to the Spanish line. Inbound telephone calls to the Consumer Affairs Unit decreased by 7% from 2011.

Telephone calls comprised the majority of all inbound contact methods in 2012. Internet or e-mail contacts continued to be the second highest ranked method of contacting the Commission in 2012 with 4,397 internet and e-mail complaints and contacts. This is a 7% increase from 2011. Internet and e-mail contacts comprised 24% of all inbound contact methods in 2012.

Regular mail and faxes ranked as the third most popular method consumers used for communicating with the Commission. The total correspondence (letters and faxes) in 2012 was 515.

The Consumer Affairs Unit takes in-person complaints from consumers that visit the Commission. In 2012 the Consumer Affairs Unit met with approximately 21 consumers to discuss issues with their bills and deposits, and to share information on energy assistance and Lifeline services. This contact method represented less than 1% of all contacts. In total, Consumer Affairs representatives received 23,023 inquiries, complaints, and opinions from the general public in 2012, a decrease of 4% from 2011's 24,015 contacts.

ADMINISTRATION DIVISION

During 2012 the Commission's Administration Division promoted efficiencies and made the maximum use of taxpayers' monies to fulfill its mission. During the 2012 Legislative Session, the General Assembly reduced the Commission's budget for the fourth consecutive year as state revenues continued to fall. Legislators passed a number of bills affecting Commission operations including Senate Bill 483 which changed the method of electing the Commission Chairman.

During 2012 local, state and national news media interest in Commission decisions and activities remained high. This coverage included monitoring of the Georgia Power Company Plant Vogtle nuclear construction project and reductions in the Georgia Power Fuel Cost Recovery rate. In September 2012 the Commission's Public Information Officer left for military duty and will return in the summer of 2013.

The Commission also continued its use of social media by posting video news clips of Commission statements and news media coverage on its YouTube Channel and by using Twitter to release information and updates in a timely manner.

PUBLIC SERVICE COMMISSION PROFILES



H. Doug Everett

Commissioner Since: January 1, 2003

Elected: 2002, Re-elected: 2008

Serves Through: December 31, 2014

Republican, Albany, Georgia

Commissioner, 2012 Georgia Public Service Commission

A native of Cordele, Georgia, Commissioner Doug Everett is the first Republican elected to the Commission from Southwest Georgia. He served as Chairman in 2004 and 2009. In 1996, he was elected to the Georgia House from Albany and served three terms before his election to the Commission in 2002. As a State Representative, he served on the House Industry Committee and the Subcommittee on Utilities.

Prior to serving as a state legislator, Everett served three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 12 member states. He is also a past member of the Advisory Board of Directors of the Institute of Nuclear Power Operations.

He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

Everett is a former member of the Albany Rotary Club, the Sylvester JAYCEES and the Sylvester Kiwanis Club.

Everett is married to Janice Perry Johnson of Montezuma. The couple has three grown children, Mitch, Mike and Denice Delk, five grandchildren and three great-grandchildren.



Chuck Eaton

Commissioner Since: January 1, 2007

Elected: 2006, Re-elected: 2012

Serves Through: December 31, 2018

Republican, Fulton County, Georgia

Vice-Chair, 2012 Georgia Public Service Commission

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006 and re-elected in November 2012. He was one of only two statewide Republican candidates in the entire country to beat an incumbent in 2006. He served as Commission Chairman in 2008. In November 2012 his colleagues elected him to serve as Chairman in 2013 and 2014. Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton has an accounting degree from the University of Alabama and a law degree from Georgia State University.

He is the past President of the Buckhead Forest Civic Association and was also a representative to the Atlanta Neighborhood Planning Unit "B," a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House, a children's shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane's Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute, a statewide organization founded by late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Due to the judicial nature of the Commission, he enrolled at Georgia State Law School in 2009 in night classes and paid for this education out of his own pocket.

Chuck lives in Atlanta with his wife, Erika, their daughter, Lydia, and their three rescued dogs. When not working at the Public Service Commission, he enjoys playing golf, target shooting, and boating with his family on Lake Lanier. The Eaton's are members of Peachtree Road United Methodist Church.



Tim G. Echols

Commissioner Since: January 1, 2011

Elected: November 4, 2010

Serves Through: December 31, 2016

Republican, Clarke County, Georgia

Chair, 2012 Georgia Public Service Commission

Tim Echols was elected to the Commission in the general election of November 2010 after spending 15 years in the non-profit sector. Echols founded “TeenPact” and grew the mock legislative youth program to 38 states in his tenure. He continues to serve on the Board of Directors.

Echols focuses on consumer protection, clean energy, and accountability. He travels the state speaking to students, civic groups and businesses about the importance of the PSC’s responsibilities—especially providing accountability to those the agency regulates.

Tim and his wife Windy added solar hot water heating to their Athens home just before being sworn-in. In addition, he promotes the use of CNG (compressed natural gas) as a transportation fuel and hopes one day America will be less dependent on foreign oil.

Tim is concerned about the nuclear waste from our power plants still sitting on the ground in Georgia. He believes that we should pursue the reprocessing of this nuclear waste. He is a big fan of nuclear power, believing it to be a viable option in the future with a possible carbon tax looming.

Tim is a big fan of “Project Share,” which allows Georgia Power customers to donate money to the Salvation Army with their power bill payment. Georgia Power matches the customer’s contribution dollar for dollar. As a conservative, Tim likes the idea of citizens helping each other—especially when their charitable contributions trigger corporate matching funds. He hopes to see the program double during his term.

Commissioner Echols has three degrees from the University of Georgia. He and his wife Windy have seven children and live in Bogart just outside Athens in Clarke County.



Lauren "Bubba" McDonald, Jr.

Commissioner Since: January 1, 2009

Elected: December 2, 2008

Serves Through: December 31, 2014

Republican, Clarkesville, Georgia

Commissioner, 2012 Georgia Public Service Commission

McDonald, who served twenty years as a state Representative, was appointed to the PSC by Governor Zell Miller in 1998 to fill a vacated post and then re-elected in a special mid-term election in November 1998. He held the seat until 2002. On December 2, 2008, Georgians elected McDonald to serve on the Commission again. He served as Commission Chairman in 2010.

McDonald has a deep knowledge of the energy industry. During his previous term, he served on the Committee on Electricity of the National Association of Regulatory Utility Commissioners, chairing that body's subcommittee on Nuclear Issues and Waste Disposal in 2001 and 2002.

McDonald has spent decades serving the residents of Georgia. As a State Representative, he chaired the Industry Committee for five years and the Appropriations Committee for eight years. He also served as a commissioner in Jackson County, served on the Board of Managers of the Association of County Commissioners of Georgia, and volunteered as a firefighter for the city of Commerce for 35 years.

A native of Commerce who now resides in Clarkesville, McDonald is a graduate of the University of Georgia with a BBA in Business. He has long been a supporter of higher education, serving on the Board of Governors of Mercer Medical College and the Board of the Advanced Technology Center at the Georgia Institute of Technology. He was also a director of the Small Business Development Center at the University of Georgia.

McDonald has lived his entire life within District Four of the Commission. Currently, he is a partner in L.W. McDonald & Son Funeral Home in Cumming, with his son, Lauren III. He married Shelley McDonald in May 2012 and was married to the late Sunny Nivens McDonald for 45 years. He is an elder in the Presbyterian Church, a private pilot, and an avid golfer.



Stan Wise

Commissioner Since: January 1, 1995

Elected: 1994; Re-Elected: 2000, 2006, 2012

Serves Through: December 31, 2018

Republican, Cobb County, Georgia

Commissioner, 2012 Georgia Public Service Commission

Stan Wise has served on the Commission since January 1995 and previously served as Commission Chairman in 1997, 1999, 2006 and 2011. He was first elected to public office as a Cobb County Commissioner in 1990 and had served the county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 to 1994.

Stan has served his state as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 to 2004 furthering his responsibilities and interaction with Congress, federal agencies, state officials, industry leaders, Wall Street, consumer groups and the news media. Stan has testified multiple times before Congress. Wise is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC) and serves on the International Relations Committee and Gas Committee of NARUC. He is also on the Advisory Council for the New Mexico State University Center for Public Utilities. He is a member of the Board of Trustees for the Feed the Hungry Foundation and a member of the Board of Directors for Action Ministries.

His alma mater, Charleston Southern University, named Wise the Outstanding Alumnus of the Year in 2006. In addition, he was named the Bonbright Center of the Terry College of Business Honoree of the Year in 2005.

He has also served on the U.S. Department of Energy State Energy Advisory Board, the Cobb County Public Schools Educational Foundation, Inc., and the Board of Directors of the Cobb YMCA, the Boys Club of Cobb County and the Advisory Board of the North Georgia Law Enforcement Academy. He owned and operated an insurance business in Cobb County for twenty years. Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974. He also served in the U.S. Air Force Reserve for six years. He and his wife Denise have two grown children.

PUBLIC SERVICE COMMISSION LEADERSHIP TEAM

DECEMBER 31, 2012

Commissioners

Tim Echols, Chairman
Chuck Eaton, Vice-Chairman
H. Doug Everett, Commissioner
Lauren “Bubba” McDonald, Jr., Commissioner
Stan Wise, Commissioner

Administration Division

Deborah Flannagan, Executive Director
Reece McAlister, Executive Secretary
Bill Edge, Public Information Officer/Legislative Liaison
Terry Pritchett, Fiscal and Budget Officer
Margie Conley, Human Resources Officer
Jada Brock, Director, Office of Operational Support

Utilities Division

Tom Bond, Utilities Division Director
Leon Bowles, Director, Telecommunications Unit
Pandora Epps, Director, Internal Consultants Unit
Sheree Kernizan, Director, Electric Unit
James Gibson, Manager, Consumer Affairs Unit
Mike Nantz, Director, Facilities Protection Unit
Nancy Tyer, Director, Natural Gas Unit

UTILITIES DIVISION

The Commission in 2012 continued its monitoring of the Georgia Power Nuclear Power Plant Vogtle construction project in east Georgia. The Commission also approved a reduction in Georgia Power fuel cost recovery rates for the state's only investor-owned electric utility and approved an historic rate adjustment mechanism for the only traditionally regulated natural gas distribution company in the state.

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, and electric and for establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries previously were natural monopolies. Segments of the gas and telecommunications industries have evolved into competitive markets that allow customers to choose among multiple providers for certain services and pay rates set by the provider. Other services, such as electricity, continue to be fully regulated by the Commission.

The pace at which competition is being implemented varies among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, federal and state authorities opened local telephone service by federal and state legislation, respectively. Over the last few years, local telephone competition has been effectively redefined due to technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies have recognized that local telephone companies are now facing intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies. In 1998, Georgia opened the natural gas industry to competition. Since then Commission-certified marketers sell gas commodity service to customers in the Atlanta Gas Light Company territory while Atlanta Gas Light Company is a natural gas distributor only. Marketers set their own prices, whereas the Commission sets the rates charged by AGLC.

In spite of these changes in the regulatory environment, the Commission's mission remains the same to ensure that consumers receive the best possible value in telecommunications, electric and natural gas services, to enforce natural gas pipeline safety and to protect utility infrastructure from damage. An overview of the role that the Commission has played in each of these utility industries over the past year, as well as key decisions of this agency, is set forth in the following sections.

Electric Unit

Electricity is an energy form vital to the economy of the state and to the quality of life of Georgia's citizens. Of the three utility industries, the electric industry is the most universally used and perhaps the most essential. The state's only investor-owned electric utility, Georgia Power Company, is fully regulated by the Commission and serves approximately 2,000,000 consumers. The Commission has limited regulatory authority over the 42 Electric Membership Corporations (EMCs) and 52 municipally-owned electric systems in the state.

SIGNIFICANT MATTERS IN THE REGULATION OF THE ELECTRIC UTILITY INDUSTRY IN 2012

Commission Monitors Progress Of Nuclear Plant Construction



The Commission on March 17, 2009, approved the Company's request to certify the construction of the new nuclear power units at its Plant Vogtle Nuclear Power Plant near Waynesboro, Georgia. Under the agreement approved by the Commission, the Company must file semi-annual monitoring and monthly status reports with the Commission. The semi-annual monitoring report includes any proposed revisions to the cost estimate, construction schedule, or project configuration, as well as a report on actual costs incurred during the period covered by the report and an updated comparison of the economics of the certified project.

In 2012 the Commission staff and Construction Monitor continued to actively monitor the construction of the two new units. During 2012, the Commission conducted hearings in the Sixth and Seventh Construction Monitoring proceedings and issued its decision in the Fifth and Sixth Vogtle Construction monitoring proceedings by unanimously adopting a Commission staff recommendation to verify and approve the Company's filed expenditures through the period ending June 30, 2012, and to continue the project as beneficial to the Company's ratepayers.

Fuel Rates Reduced For Georgia Power Customers

Georgia Power customers experienced a reduction beginning June 1, 2012, in the charges they paid for the cost of fuel used to generate their electricity, one month earlier than scheduled in Docket 35277. The average Georgia Power residential customer who used 1,000 kilowatt hours (kWh) of electricity saw rates drop approximately \$8 per

month. Additionally, the Commission approved lower fuel rates for Georgia Power Company's customers effective January 1, 2013. A residential customer using 1,000 kilowatt hours (kWh) of electricity for the month will save approximately \$2.60 in summer (June through September) and \$1.20 in winter (October through May.) Georgia law (O.C.G.A. § 46-2-26) allows electric utilities to recover their fuel costs, prudently incurred, on a dollar for dollar basis but utilities are unable legally to make a profit on their fuel costs. The Commission can also, on its own request, require a utility to file a fuel cost docket. The law also requires the Commission to issue a decision on the Company's request within 90 days of the Company's filing or the Company's request goes into effect.

Commission Conducted Hearings To Address EPA Utility MACT Rules

The Commission issued a decision on March 20, 2012, approving a Georgia Power request for three purchased power contracts and the retirement of Plant Branch Units 1 and 2 and Plant Mitchell Unit 4C. This decision came about after the Commission opened Docket 34218 in 2011 to address Georgia Power's plan to comply with Georgia EPD and federal EPA rules regarding emissions from electric utility coal plants. In anticipation of the final rules' being released in late 2011, the Commission required Georgia Power to file its plan for compliance. In its plan, the Company asked to retire certain plants to comply with these rules and to certify purchased power contracts to replace retired and otherwise unavailable coal units.

Commission Increases Georgia Power's Renewable Energy Portfolio

The Commission in 2012 approved Georgia Power Company's Advanced Solar Initiative to add 210 megawatts (MW) of solar power to its generation mix. This initiative is comprised of 90 MWs of distributed generation (both small scale projects up to 100 kW and medium scale projects ranging from 100 kW to 1 MW) and 120 MWs of utility scale projects (up to 20 MWs each).

Smart Grid Activities

The Commission American Recovery and Reinvestment Act (ARRA) staff continues to:

- (1) track and monitor GPC's installation of smart meter infrastructure statewide;
- (2) facilitate the Commission's Demand-side Working Group (DSMWG) activities to obtain input on Georgia Power energy efficiency programs for the 2013 IRP;
- (3) actively monitor 2010 Commission-certified DSM programs;
- (4) monitor Company activities under ARRA grant to improve distribution reliability;
- (5) work on demand response pricing, rate, and transmission issues;
- (6) handle all renewable energy requests; and,
- (7) facilitate the Company's compliance with federal Energy Independence and Security Act (EISA) standards.

Monitoring Activities

The Commission staff continues to investigate and monitor the following:

1. Effectiveness of hedging programs of Georgia Power in mitigating potentially high natural gas fuel costs;
2. Flat billing tariffs for residential and commercial customers, designed to provide price stability during fluctuating market conditions;
3. Performance and reliability of the utility's generating plants; and,
4. Company's earnings for excess revenues available for sharing, as defined in the approved accounting orders.

Territorial Matters And EMC Financing Requests

The Commission also oversees territorial assignments for all electricity suppliers pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. § 46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission also approves the financing applications of electric membership corporations.

State And Federal Activities That Impact The Electric Utility Industry

The Commission is active in its regional association, the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as its national organization, the National Association of Regulatory Utility Commissioners (NARUC), which allows it to monitor developments on a national level and to ensure that any proposed federal legislation will benefit Georgia ratepayers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), Georgia Green Pricing Accreditation Group, Georgia Energy and Environment Group. The Commission has been active in many of Federal Energy Regulatory Commission (FERC) rulemaking dockets to ensure that Georgia's regulated consumers are not unduly harmed by policies that could lead to an increase in electric rates.

PSC Protect Ratepayer Interests In Environmental Policy Decisions

The Commission continued to monitor environmental proceedings at the state and national level. In 2012, Commissioners spoke to federal regulators during the National Association of Regulatory Commissioners (NARUC) Winter meeting in Washington, D.C. about the impact of the EPA rules on customer rates.

The Commission staff monitored the activities of the Blue Ribbon Commission formed by the federal government to address the disposal of spent nuclear fuel since the federal government has effectively defunded the Yucca Mountain project.

Commissioners have held symposiums and meetings on nuclear fuel management and alternatives, such as reprocessing spent nuclear fuel.

Department of Energy (DOE) inaction has resulted in the need for Georgia Power Company to construct, at ratepayers' expense, additional on-site storage facilities to handle the accumulation of spent nuclear fuel and to engage in activities to construct an interim storage site. The Commission has addressed the DOE's position on this matter at formal hearings and in written documents to emphasize the severity of this situation. The Commission continues to work on a national level to ensure that any proposed federal legislation that seeks to address this problem provides an appropriate solution. In 2012, the Company received a favorable judgment in one of its lawsuits against DOE for not receiving the nuclear waste per its contract. On April 5, 2012, Georgia Power and the federal government entered into a stipulation that provided for a \$54 million judgment for Georgia Power (approximately \$27 million based on Georgia Power's ownership interests). The U.S. Court of Federal Claims approved the stipulation.

Natural Gas Unit

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1,600,000 customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation. At the end of 2012 the state had 11 Commission certified natural gas marketers actively serving firm customers in the Atlanta Gas Light Company delivery area.

During 2012 the Natural Gas staff worked on numerous projects, including Atmos Energy Gas Supply Plan, multiple audits, management of the Universal Service Fund, certification issues for municipals and city gas systems, marketer certification issues, bids for the regulated provider, AGLC's natural gas vehicle program, as well as the various other regulatory issues concerning AGLC, Atmos, certificated marketers and certificated municipals. In 2013, Atmos Energy's Georgia operations will be turned over to Liberty Utilities following Commission approval of the sale.

During 2012 the staff conducted audits of the following programs: Atlanta Gas Light Company's Manufactured Gas Plant; Atlanta Gas Light Company's Pipe Replacement Program (PRP); Atlanta Gas Light Company's Integrated Customer Growth Program (i-CGP); Atlanta Gas Light Company's Integrated-System Reinforcement Program (i-SRP); Atmos Energy's Cast Iron and Bare Steel Retirement Program; and Atlanta Gas Light Company's Universal Service Fund (USF).

In September 2012 the Commission issued an Order approving Atmos Energy's 2012 - 2013 Gas Supply Plan. In November 2012 the Commission approved AGLC's 2012 - 2013 Universal Service Fund Facilities Expansion Plan. Of the \$28 million requested, the Commission ranked and approved \$17.3 million in projects. As of December 19, 2012, the Regulated Provider had a total of 72,330 customers, with 23,755 designated as Group 1 and 48,575 designated as Group 2.

ACTIVITIES IN THE NATURAL GAS UTILITY INDUSTRY IN 2012

Atlanta Gas Light Company's 2012 to 2013 Universal Service Fund Facilities Expansion Plan, Dockets 34551 and 36246

On November 1, 2012, Atlanta Gas Light Company filed its 2012 - 2013 Universal Service Fund Facilities Expansion Plan (2012 - 2013 Plan). As part of the 2012 - 2013 Plan, AGLC sought to combine its 5% budgetary cap dollar amounts for their fiscal years 2012 and 2013. The request listed the 2012 5% budgetary cap of \$16.6 million with an estimated 2013 5% budgetary cap of \$11.4 million for a combined request of \$28 million. AGLC had eight potential ranked projects with a total cost of \$86 million. During the January 15, 2013 Administrative Session, the Commission carved out the Dodge-Eastman project for approval because the company, Aremac Heat Treating, LLC would locate to Eastman, Georgia if natural gas service could be provided. The

Commission found the Dodge-Eastman project in the public interest. During the March 19, 2013 Administrative Session, the Commission approved five additional projects as part of the 2012 - 2013 Plan.

Of the \$28 million requested from the USF by AGLC for their 2012 - 2013 Plan, the Commission ranked and approved \$17.3 million in projects.

Universal Service Fund (USF) Docket 15326

During fiscal year 2013, the USF had total receipts of \$11.4 million and expenditures of \$3.7 million. The USF had an income gain of \$7.7 million. The ending balance was \$56.1 million. Historically, since the inception of the fund in the late 1990s, the USF has had total income of \$246.3 million and expenditures totaling \$190.1 million with an ending balance on June 30, 2013 of \$56.1 million.

Atmos' Georgia Rate Adjustment Mechanism (GRAM) Docket 34734

On October 1, 2012, Atmos filed its Year 2012 GRAM request. The Company originally requested a revenue requirement request of \$1,172,539 to increase its rates to customers. The staff analyzed data in 11 schedules and 50 supporting work papers. The staff issued two sets of data requests to gather information on the request and found that Atmos had used certain fixed estimated numbers that helped to decrease its Return on Equity (ROE) calculation. The decrease in the ROE helped to drive a portion of Atmos' increase in rates. After requesting additional information from Atmos, the Company agreed to use actual numbers instead of the fixed estimated numbers used in its ROE calculation. This provided a revised revenue requirement request of \$833,394, or a reduction of \$339,145.

Atmos' 2012 - 2013 Gas Supply Plan Docket 35876

On September 20, 2012, the Commission issued an Order for Atmos Energy's 2012 - 2013 Gas Supply Plan in Docket 35876. The order approves the interstate, storage and peaking assets needed to meet the Company's forecasted peak for its Gainesville and Columbus service areas where Atmos Energy serves approximately 58,757 customers. Significant issues in the 2012 - 2013 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity, as well as operational issues related to the Company's Liquefied Natural Gas facility. This gas supply plan is in effect until September 30, 2013. The Company is required to file its 2013 - 2014 Plan by July 1, 2013.

Atmos Monthly Financial Reports Docket 30442

Atmos Energy Corporation generated \$52.84 million in operating revenues in 2012, a 15% decrease from 2011. The downward trend in operating revenues in 2012 was caused by a 17% decrease in the sale of gas in 2012. The company's purchased gas

cost decreased by 22% in 2012 in comparison to 2011. Gross profit decreased by 8% in 2012 when compared to 2011. The company's operations and maintenance expenses increased to \$16.2 million in 2012 compared to \$10.02 million in 2011. There was a 5% increase in depreciation expense, while amortization expense increased by 1% in 2012. The company reported \$4.6 million in net income for 2012 and \$5.8 million in 2011. The 22% decrease in net income was caused by a 15% decrease in operating revenues in 2012.

Active Marketers Update

At the end of 2012, eleven natural gas marketers were certificated and actively serving customers. On May 8, 2012, United Energy Trading, LLC d/b/a as Kratos Gas & Power filed for a Natural Gas Marketer Certificate of Authority to serve natural gas customers in the state and was granted an interim Certificate in August of 2012. On May 10, 2012, Xoom Energy Georgia, LLC filed for a Natural Gas Marketer Certificate of Authority to serve natural gas customers in the state but on September 24, 2012 the Company withdrew its application. On December 5, 2012 North America Power and Gas LLC filed an application for Certificate of Authority to serve natural gas customers in the state. The Commission granted an Interim Certificate Order on April 2013. Staff also reviewed and approved updates and revisions to marketers' Terms and Conditions of Service/Disclosure Statements as well as detailed training, marketing and other informational documents for marketers desiring to launch door-to-door marketing campaigns.

Regulated Provider Docket 34432

On February 10, 2012, the Commission approved SCANA Energy to serve a two-year term as Regulated Provider (Provider of Last Resort). As of December 19, 2012, the Regulated Provider had a total of 72,330 customers, with 23,755 designated as Group 1 and 48,575 designated as Group 2. The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the Federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are customers who have not been able to obtain service from other marketers due to poor credit or no credit. During 2012, the Commission approved \$1,770,160.92 for Group 1 customer assistance. No such funds are available for Group 2 customers.

Georgia Marketers Financial Status

On a quarterly basis, staff reviews marketers' financials to ensure the financial health of each marketer.

Municipal Certificates of Public Convenience and Necessity

Natural Gas staff continues to work in conjunction with the Pipeline Safety staff on the Countywide Natural Gas Safety Plans (CWSP) (Commission Rule 515-9-7-.01) and approving or amending Certificates of Public Convenience and Necessity (Commission

Rule 515-7-1, *et seq*) to ensure that the safety-based boundaries conform to the Certificate of Public Convenience and Necessity. The rules establish that natural gas providers within each county develop a CWSP outlining procedures for safety and emergency response to natural gas emergencies and are qualified to operate natural gas distribution systems in the state. By the close of 2012, the Commission had granted 52 Certificates of Public Convenience and Necessity.

Approval of Municipal Natural Gas Operators Petition for Variance of Certain Commission Rules Docket 22914

There are 30 municipal natural gas operators holding Certificates of Public Convenience and Necessity to provide natural gas service to customers located outside of each municipality's respective home county. The Commission staff notified each of these 30 municipals that certain rules apply to natural gas service provided to customers residing outside of their home counties. Specifically, staff inquired as to each certificated municipal's compliance with utility rules including but not limited to:

- The collection, treatment and refund of customer deposits;
- Disconnection of customers for nonpayment; and
- The rights of customers to seek Commission intervention into billing disputes.

The Commission staff based this inquiry on provisions of the Georgia Constitution (Art. IX, Sect.VI, Para. II) that extends Commission authority to gas distribution systems outside a municipality's home county. Over the course of several months in 2012, Commission staff conducted an in-depth comprehensive analysis and comparison and determined that some municipal's existing rules and regulations were similar to those required by the Commission Utility Rules, while others had no specific written regulations mirroring those of the Commission. Subsequently, staff and the Municipal Gas Authority of Georgia (MGAG) worked on behalf of the municipal natural gas operators that hold a certificate to come to agreement on the variances to the rules that would apply to the customers residing outside of their home counties. MGAG was formed in 1987 by an Act of the Georgia General Assembly to assist municipal members who own and operate natural gas distribution systems. MGAG is a joint action agency in the United States, that serves the needs of its 77 municipal members in Georgia, Alabama, Florida, Pennsylvania and Tennessee who serve approximately 250,000 customers.

The municipal natural gas operators filed a petition on January 28, 2013, for variances to Commission Rules related to deposits, disconnections and rights of the consumers. Staff and MGAG determined which variances to Commission rules were in the best interest of the municipality petitioners, their customers, as well as the health, safety and welfare of the citizens of Georgia. On February 7, 2013, the Commission approved variances to the Commission Rules that would be applicable to the certificated municipals that provide natural gas distribution service to customers outside their respective home counties. The Commission required these certificated municipals to file their respective policies based on the Stipulated Agreement between Commission staff

and MGAG, no later than June 30, 2013.

Commission Staff Audit of AGLC's Manufactured Gas Plant (MGP) Docket 4167

The Commission conducts quarterly audits of capital expenditures related to the MGP cleanup activities at twelve MGP sites, three of which are in Florida, where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and ground water. The ratepayers of Georgia are assessed a surcharge to assist with this cleanup. These audits are in compliance with the original MGP order issued in 1992.

The Commission audits the expenditures for accuracy and financial prudence. The program audit cycle runs from July 1 of one year to June 30, and the staff files an audit report for each cost year. During the 2012 fiscal year, the staff audited 100% of costs during Cost Year 21 totaling \$2.1 million. Since the inception of the MGP program, the costs attributed to the natural gas ratepayers totaled \$254.5 million. Ratepayers have paid over \$236.9 million in recovery costs for the MGP cleanup.

Commission Staff Audit of AGLC's Pipe Replacement Program (PRP) Docket 8516

The PRP continued in 2012. According to the Commission order in 1998 the stipulated agreement permitted the Company to recover, through a monthly rider, costs incurred to replace portions of its pipeline system that were corroded or leaking. Originally 2,312 miles of bare steel and cast iron pipe had been identified for replacement during the 10 year period from 1998 to 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement in 2005 in Docket 18638, the PRP was extended from a 10-year program to a 15-year program, ending in 2013. The PRP is funded through a surcharge on customers' bills. The surcharge is fixed at \$1.95 for residential customers, G-11 tariff customers pay three times the \$1.95, and G-12 tariff customers pay 25 times the \$1.95. With the approval of AGLC's "STRIDE" program in October 2009, an additional \$0.20 per customer has been assessed in addition to the \$1.95. The amount currently charged to customers is \$2.35.

The picture below exhibits the type of work performed in the Pipeline Replacement Program (PRP).

PRP: Cobb Parkway Project: 12 Inch Steel



The photo above illustrates the point where the directional drilling unit enters the ground drilling along the roadway. Once the drill travels a certain distance, the replacement pipe is attached to the bore head and then pulled back through the trench.

Commission Staff Audit of Atmos' Cast Iron and Bare Steel Retirement Program Docket 12509

In its April 12, 2001, Order the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date, the Company has

replaced 185.79 miles of pipe in the Columbus area and 45.97 miles of pipe in the Gainesville area for a combined total of 231.76 miles replaced.

During 2012, the Commission performed an audit of Atmos' cast iron and bare steel retirement program for the period October 1, 2010 through September 30, 2011 or year 12 of the program. The Company filed its annual report for this period on February 7, 2012. The Company proposed and the Commission approved a surcharge of \$6.85 for Residential, \$20.54 for Commercial and \$171.19 for Industrial customer per month to be effective October 1, 2012. During the twelve months ending September 30, 2011, Atmos incurred pipeline replacement expenses in the amount of \$7,483,950 for both the cast iron and bare steel projects and a savings of \$51,552 in O&M expenses. Over this same period the Company replaced 2.66 miles of pipe in the Gainesville service area and 18.53 miles of pipe in the Columbus service area.

Commission Staff Audit of Sequent Docket 16193

The Commission, as administrator of the USF, has a responsibility and obligation to audit and manage the Universal Service Fund. The Commission staff is completing the audit report of the transactions made by Sequent on behalf of AGLC for the years 2010 and 2011. The staff's Audit Report is expected to be completed by the end of 2013.

Atlanta Gas Light Company's Reconciliation of Physical and Logical Variances on the Company's Natural Gas System Docket 36582

As part of the Commission's September 4, 2012, Order in Docket 16193 regarding Audit of Atlanta Gas Light Company's Universal Service Fund, the Commission opened a separate docket to address variances in AGLC's Marketer Accessible Retained Storage (MARS) accounts. MARS is the storage services of the interstate pipeline companies retained by the Atlanta Gas Light Company (AGLC) and made available to the marketers to meet the marketers' system obligations. The staff recommended that AGLC adjust its storage volumes and propose a plan for the funding of any revenue or expense deficiencies. In addition, the Company was ordered to provide a plan for the rate treatment for inventory losses.

Subsequently, on December 21, 2012, AGLC filed a Petition for Approval of Proposal for Reconciliation of Physical and Logical Variances on the Company's Natural Gas System (Petition). In its Petition, AGLC requested approval to make an accounting adjustment to reduce the MARS inventory over a 15-year period. The proposed adjustment would result in an increase to the weighted average cost of gas (WACOG) for MARS of approximately \$0.01 each month over the next 15 years, based on current gas prices. At the end of the 15-year period, the MARS WACOG will have an increased by approximately \$1.80.

The Commission has allowed marketers and interested parties to file comments on the Petition since this proposal affects the price that marketers must pay for the MARS

service. The staff, the Company and marketers continue to work towards a resolution. staff expects to have the variance issue resolved by the close of 2013.

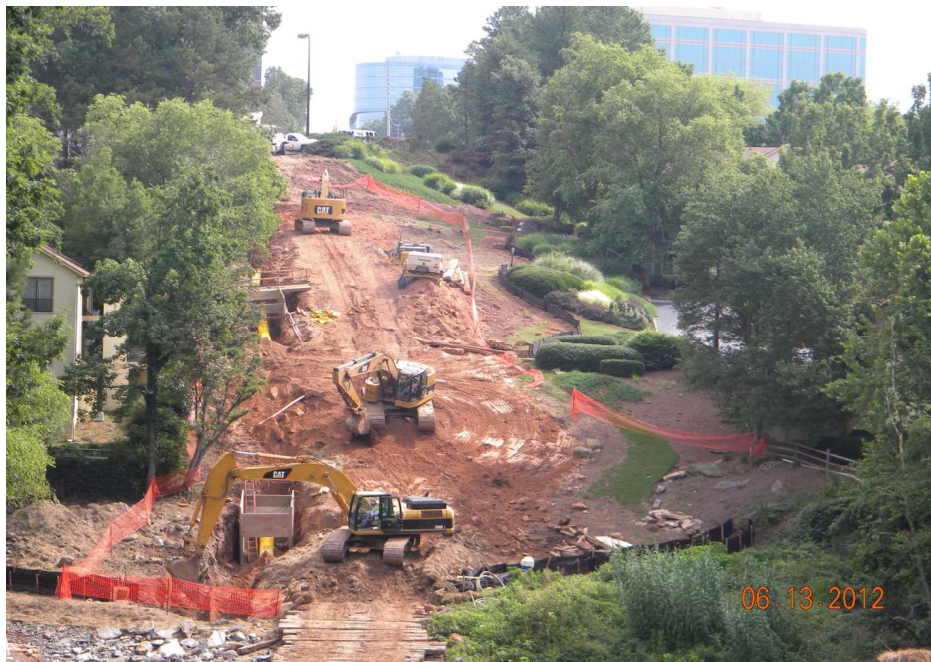
AGLC's Integrated-System Reinforcement Program (i-SRP) Docket 29950

On October 13, 2009, the Commission approved an i-SRP program for AGLC to construct new pipeline infrastructure for system reliability. The Commission approved the first three years of projects, 2010 through 2012, with the original filing.

AGL designed the Integrated System Reinforcement Program (i-SRP) based on computer modeling, field work, and high level engineering estimates to determine essential system improvements, to be a ten year construction program of improvements to the Company's core transmission and distribution facilities to better meet the peak day demand from its firm customers, particularly those customers who had located farther from the city center and from key interstate supply points over the last two decades.

AGL is on track to complete the initial i-SRP construction program at the current revised estimate of approximately \$231 million. This includes \$15 million necessary to complete the Eastside Pipeline PRP project. Since the inception of the program, per the December 21, 2012, filing, approximately nine projects were approved. Through December 2012 eight of the nine projects were completed. The picture below shows the type of work completed in the STRIDE program.

SRPJohnson Header to Manor Road Project 24 Inch (A-2 or Segment-2)



The perfected right-of-way is 50 feet. The installed pipe appears on the left of the picture with yellow rock sheeting installed around it for added protection. In the

foreground, the structure in the trench, a trench box, must be installed whenever a worker must perform work below ground surface. The trench boxes are needed during the welding process to attached lengths of pipe. At the bottom of the picture is a creek. One can see the makeshift bridge installed for the heavy equipment to cross.

AGLC's Integrated Vintage Plastic Replacement Program Docket 29950 (i-VPR)

On October 10, 2012 at the request of the Commission, AGL filed a letter with the Commission detailing the general status of vintage plastic pipe currently in use as part of the Company's distribution system. At the Energy Committee on October 11, 2012, the Commission requested AGL provide a detailed report to the PSC within 45 days proposing a solution to address the issue of premature degradation of certain vintage plastic components of AGL's distribution facilities. On November 21, 2012, AGL filed with the Commission a petition for approval of the Integrated Vintage Plastic Replacement Program (i-VPR) under the Georgia Strategic Infrastructure Development and Enhancement (STRIDE) program and the STRIDE recovery mechanism. Although the total number of miles of vintage pipe in AGL's system is 3,320 miles, AGL's initial request is to include 756 miles of the vintage plastic pipe (523 miles of Aldyl A plastic pipe and 196 miles of 1974 to 1983 vintage plastic pipes) due to the potential exposure to premature degradation. AGL requested an accelerated program over a 4-year period replacing approximately 150 to 250 miles per year at an estimated cost of \$275 million.

As an initial part of its due diligence process staff began the research and in-depth review and analysis of AGL's Petition and supporting documents in preparation for the submission of data requests to garner additional information and documentation to support staff's recommendations to the Commission regarding the technical, safety, reporting and cost recovery mechanism aspects of the program. The Commission will render a decision before the close of 2013.

Telecommunications Unit

The telecommunications industry is indispensable to the economy of the state. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. For some competitive segments of the industry, the Commission does not set rates, but facilitates market development, certifies providers, arbitrates interconnection agreements, and resolves complaints among competitors. House Bill 168, passed in 2010, further deregulated the telecommunications industry. Under the Competitive Emerging Communications Technologies Act of 2006, Senate Bill 120, the Commission cannot impose any requirement or regulate the rates, terms or conditions for broadband service, wireless service or VoIP (Voice over Internet Protocol).

SIGNIFICANT DEVELOPMENTS IN THE TELECOMMUNICATIONS INDUSTRY IN 2012

In 2012 the Commission granted certificates of authority to 11 long-distance resellers, one alternative operator service provider, 12 competitive local exchange providers, 5 inter-exchange service providers and one payphone service provider. The total number of active certificates in 2012 was 336 resellers, 74 alternative operator service providers, 231 competitive local exchange providers, 86 inter-exchange service providers, 355 payphone service providers, 25 Institutional Telecommunication Service providers and over 30 incumbent local exchange service providers. The Commission also approved 48 interconnection agreements and designated eight companies as Competitive Eligible Telecommunications Carriers (ETC).

Eligible Telecommunications Carriers (ETC)

The Commission continues to monitor the activities of the 15 competitive ETCs it has approved since 2008. The ETCs, upon designation by the Commission, are eligible to receive federal support for serving high-cost areas, qualifying low-income customers or both. These ETCs will provide greater consumer choice for low-income consumers and those living in rural areas. While seeking to ensure that low-income consumers continue to have access to affordable telecommunications service, the Commission is undergoing an exhaustive rulemaking process to develop regulations designed to minimize fraud, waste, and abuse in the Lifeline program.

Universal Access Fund (UAF)

On December 15, 2011, 17 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an aggregate disbursement (totaling \$20,100,740) for the 17th UAF year covering the period July 1, 2011 through June 30, 2012. All applicants underwent an audit performed by Victor Hurlbert, CPA.

Under a Commission-approved process, an applicant could choose to have its application considered on one of two “tracks.” Under Track 1, the applicant would voluntarily limit its request to no more than \$1,000,000 to have a streamlined process without a hearing. A Track 2 applicant would undergo a mandatory hearing in which any party could raise concerns regarding any aspect of the application.

In 2012 the Commission approved the disbursements for all applicants for the 17th UAF year of \$13,997,594 with the aggregate annual cap amount remaining at \$1,000,000 for Track1 Carriers. The approved disbursements are listed below.

Carriers for 16th UAF Year	Approved Disbursements
Blue Ridge Telephone Co.	\$1,000,000.00
Brantley Telephone Company	\$1,000,000.00
Bulloch Telephone Coop.	\$804,806.00
Camden Telephone Co.	\$1,000,000.00
Chickamauga Telephone Co.	\$1,000,000.00
ComSouth Telephone Co.	\$341,057.00
Darien Telephone Co.	\$345,588.00
Glenwood Telephone Co.	\$407,642.00
Hart Telephone Co.	\$1,000,000.00
Pembroke Telephone Co.	\$718,991.00
Plant Telephone Co.	\$527,725.00
Planters Telephone Coop.	\$1,000,000.00
Progressive Rural Telephone	\$723,017.00
Public Service Telephone Co.	\$1,000,000.00
Ringgold Telephone Co.	\$1,986,050.00
Trenton Telephone Co.	\$1,000,000.00
Waverly Hall Telephone Co.	\$142,718.00
Total	\$13,997,594.00

In 2010, the Georgia General Assembly passed House Bill 168 which took effective on June 4, 2010. In the order implementing House Bill 168 on November 23, 2010, the Commission unanimously approved the intrastate switched access reduction plans filed by the companies. The companies were “directed to file compliant tariffs consistent with the access reduction plans by December 2, 2010,” which the Commission subsequently approved. The Commission also approved a recommendation that increases in rates for basic local exchange services or, in the alternative, provides that the imputation of the

revenues be based on an annual rate increase of up to \$1.61 for a period of nine years with a true up in the tenth year to the statewide benchmark adjusted for inflation. The annual rate increase was calculated using an inflation rate of 3.2 percent per year. The Commission imputed the rate increases to residential lines and those business lines that are below the benchmark set at 110 percent of the July 1, 2009, residential statewide average rate for basic local exchange services. For 2013, the statewide benchmark, adjusted for inflation, is \$19.20.

Telecommunications Relay Service (TRS)

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 14 states. Hamilton, known as Georgia Relay, operates a call center in Albany, Georgia, seven days a week, eighteen hours a day, employing over 65 communications assistants. In 2012, the Relay Center in Albany processed an average of almost 45,000 relay calls per month. The cost was \$829,972

With Commission approval, Hamilton implemented Captioned Telephone Service (CapTel®) in Georgia in January 2008. An enhanced form of relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 1,100 subscribers now use the system, averaging approximately 11,500 calls a month by year's end. CapTel® averages about 98,000 calls annually. The cost of this service for 2012 was \$977,815.

Telecommunications Equipment Distribution Program (TEDP)

The Commission established the Georgia TEDP in March 2003 in accordance with the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 5,500 equipment items, which includes approximately 325 CapTel® phones, have been distributed to almost 6,700 hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired to be the distribution agency for the Georgia TEDP. The cost of this service for 2012 was \$885,835.

Audible Universal Information Access Service (AUIAS)

In 2006 the passage of House Bill 660 created a statewide AUIAS to provide blind and print-disabled citizens of Georgia with telephonic access to print media publications. The law gave the Commission oversight of the service. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access to all Georgia telephone exchanges, 24 hours a day, seven days a week and 52 weeks a year. The system is accessible by dialing a toll-free or local number anywhere in the

state and has the capacity to serve an unlimited number of subscribers. Currently there are over 1,875 subscribers to this service. The total number of Georgia citizens that could potentially benefit from this service exceeds 25,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services. The cost of this service in 2012 was \$203,100.

Hearing Aid Distribution Program

In August 2007, the Commission approved a program to implement the provisions of House Bill 655 for the distribution of hearing aids to lower income Georgians. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income Georgians for over 30 years. Under the contract the Foundation will receive \$594,000 each year for this program. The Foundation currently partners with two hearing aid manufacturers and maintains a network of over 150 audiologists throughout the state. The program has distributed 7,940 hearing aids to 5,107 applicants.

Consumer Affairs Unit

The Consumer Affairs Unit is the primary contact for consumers to make their concerns and issues known to the Commission. They convey these concerns and issues in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person, via telephone, fax, regular mail, email and Internet.

The Consumer Affairs staff interacts with representatives from the utility industries to resolve consumer complaints, discuss complaint trends and possible courses of action to address problematic trends, and ensure mutual understanding of respective business processes and policies.

Consumer Affairs staff has direct involvement with both the general public and industry representatives. This direct involvement gives the Consumer Affairs Unit a unique perspective that makes it a source of valuable information for other work groups within the Commission. In addition to complaint resolution, the Consumer Affairs Unit is responsible for consumer education and community outreach.

There are two bilingual staff members in the Consumer Affairs Unit. These staff members answer consumer calls and talk with Spanish-speaking consumers during community outreach activities. The bilingual staff members also assist other PSC units with translations, as needed.

Inbound Contacts

The main method that consumers use to contact the Commission is by telephone. The Consumer Affairs Unit has three staff members that make up the “Call Center.” Incoming Spanish calls are routed to bilingual staff members for assistance.

The total number of calls reported by the Commission’s Automated Call Distributor (ACD) for 2011 was 17,612. There were 478 calls received on the Spanish line. Inbound telephone calls to Consumer Affairs Unit decreased 7% from 2011.

Telephone calls were the number one method of all inbound contact methods in 2012. Internet and e-mail contacts continued to rank as the second preferred method of contacting the Commission in 2012 with 4,397 internet and e-mail complaints and contacts. This is a 7% increase from 2011. Internet and e-mail contacts comprised 24% of all inbound contact methods in 2012.

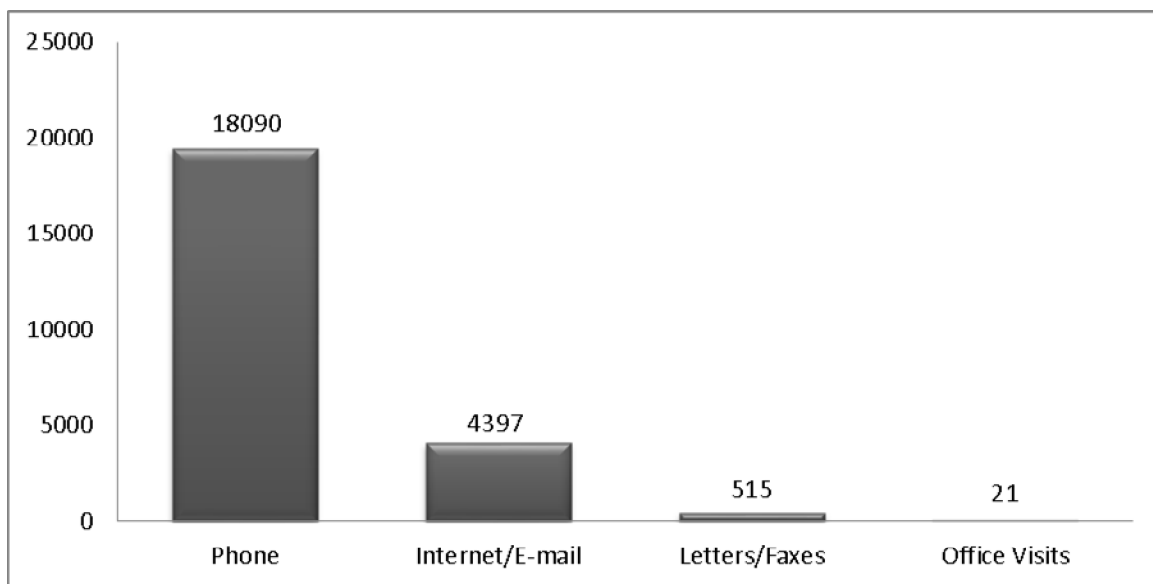
Regular mail and faxes were the next most popular methods consumers used for communicating with the Commission. The total correspondence (letters and faxes) in 2012 was 515.

The Consumer Affairs Unit also handles complaints from consumers that visit the Georgia Public Service Commission in person. In 2012 the Unit met with approximately 21 consumers to discuss issues with their bills, deposits, and to share information on

energy assistance and Lifeline. This contact method represented less than 1% percentage of all contacts. Overall Consumer Affairs representatives received 23,023 inquiries, complaints, and opinions from the general public in 2012, a decrease of 4% from 2011's 24,015 contacts.

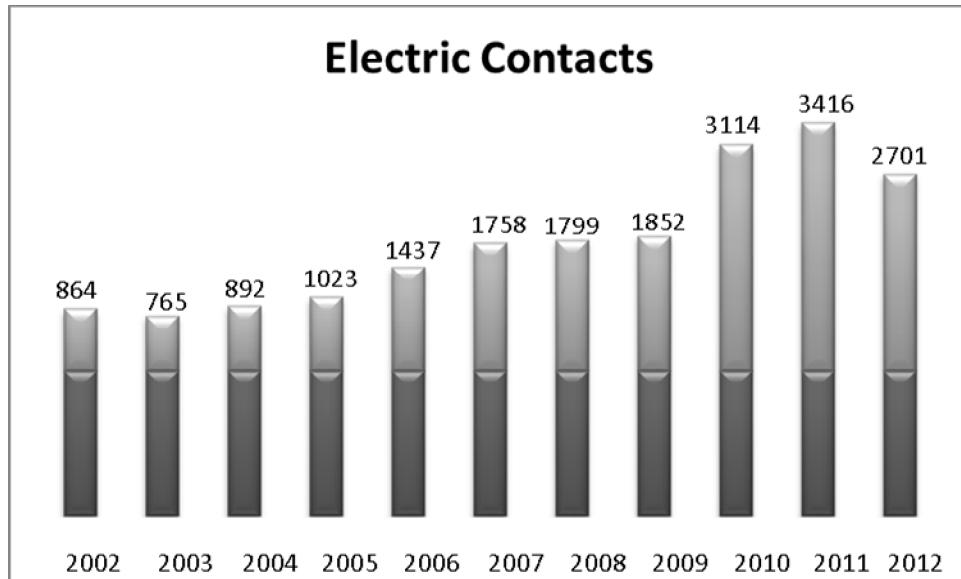
Some of the contacts received from consumers require referral or follow-up by a Consumer Affairs staff member. Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Referrals are when our staff contacts a utility company for a response. Follow-ups include making calls or sending e-mails to the utility representatives as well as to consumers.

Contact Methods



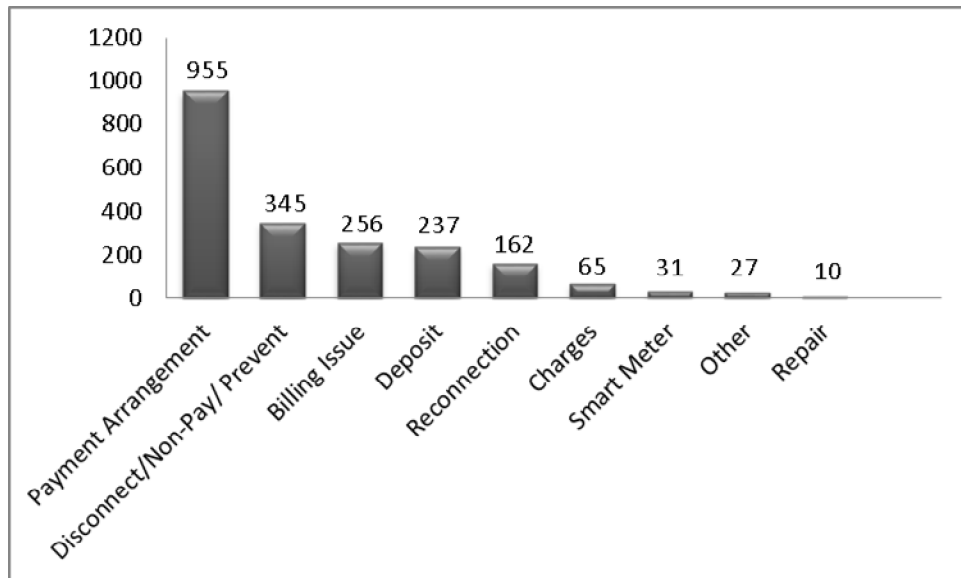
Electric Consumer Issues

The contacts for electric concerns decreased for 2012. The decrease in electric contacts was partially due to the completion of the installation of smart meters in the Georgia Power Company service area, a major source of complaints the previous year.



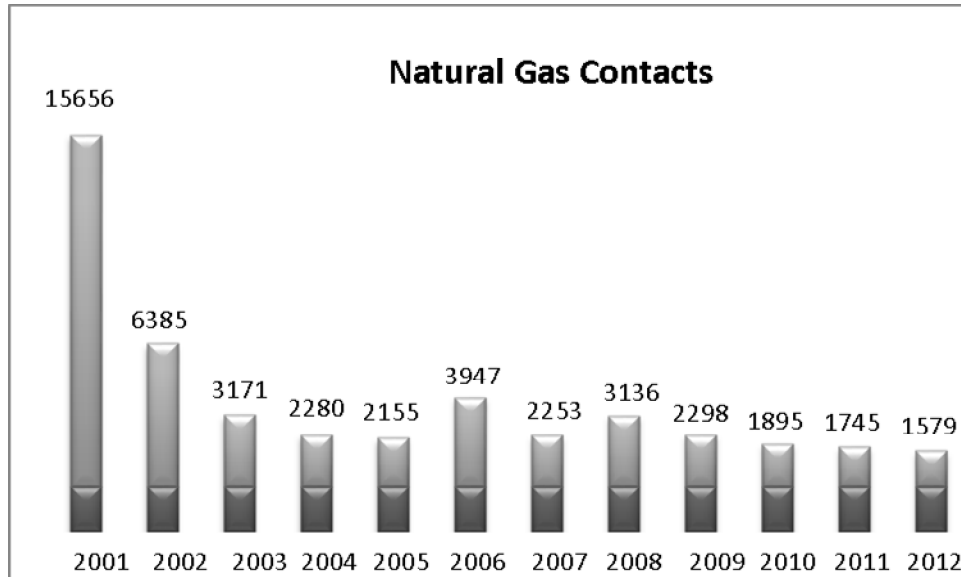
In 2012 the major concerns for electric customers were payment arrangements, disconnection prevention, high bill and deposits.

Top 10 Electric Issues



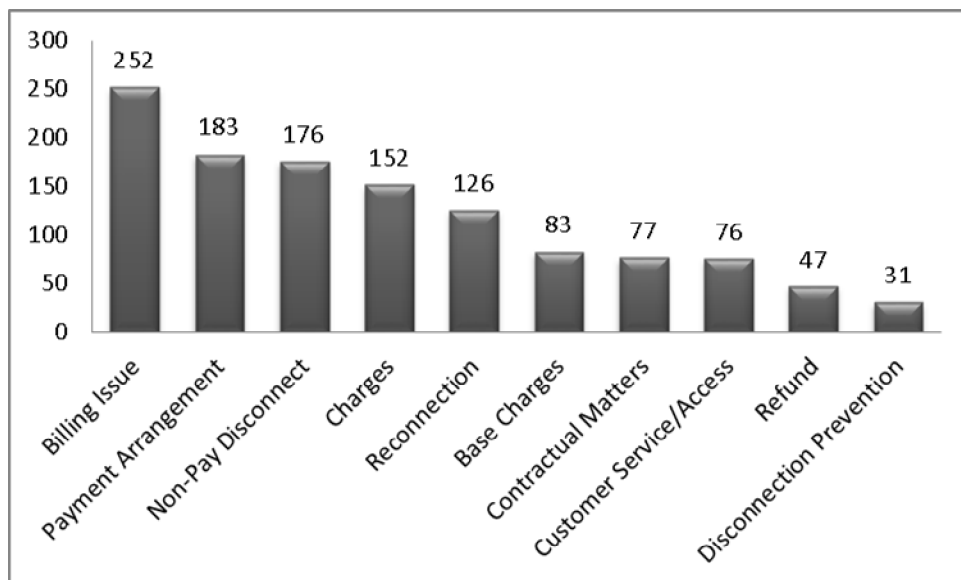
Natural Gas Consumer Issues

The number of calls received concerning natural gas issues decreased from 1,745 in 2011 to 1,579 in 2012. This represents a 10% decrease.



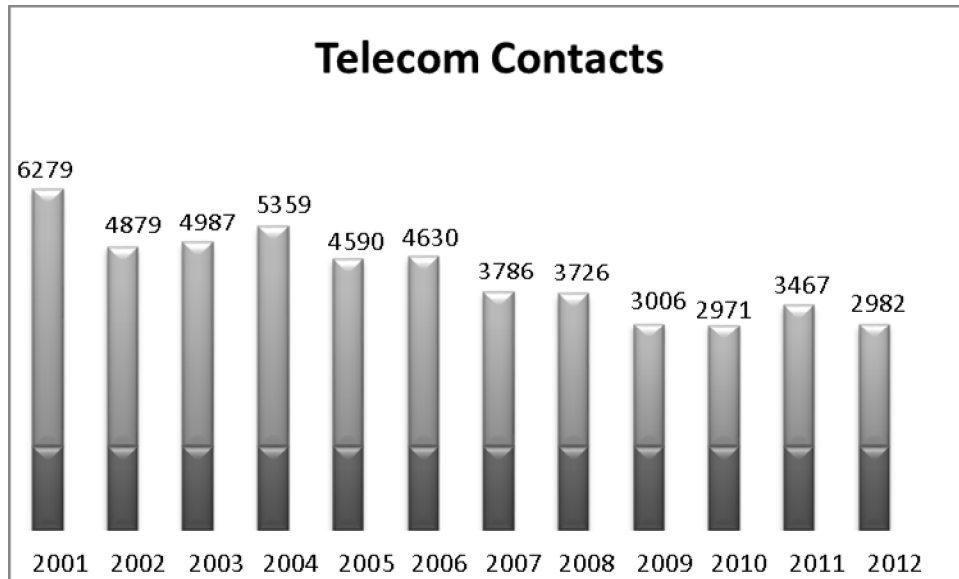
The major natural gas issues for 2012 were bill charges and billing issues.

Natural Gas Top 10 Issues

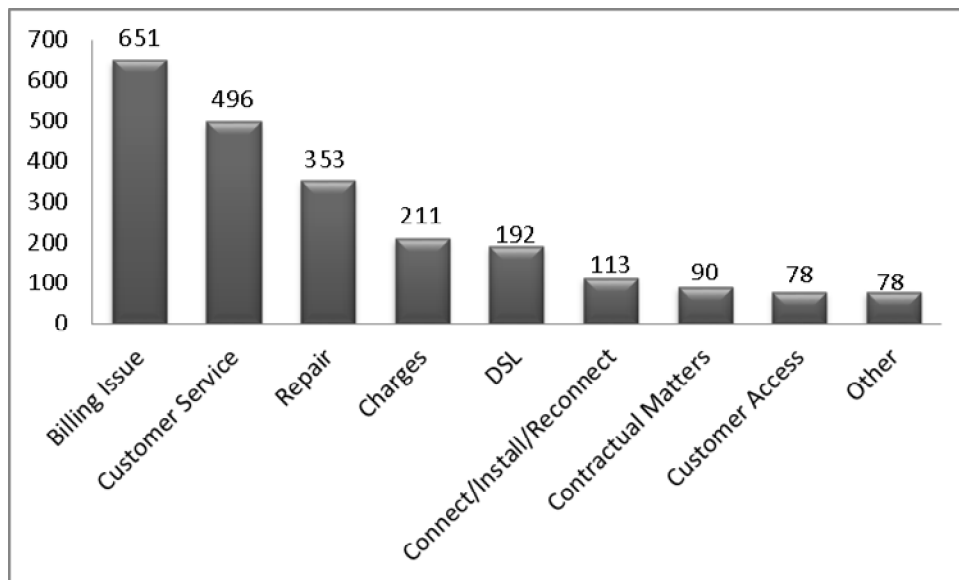


Telecommunications Consumer Issues

Telecommunications contacts decreased in 2012 from 3,467 to 2,982. This represented a decrease of 14%. The top three concerns for telecommunications customers were Billing Issues, Repairs and Charges. There were 347 wireless complaints in 2012. This is an increase of 25% from 2011. There were 11 contacts for Voice over Internet Protocol (VOIP) for 2012. This number was in line with the number of complaints from 2011.

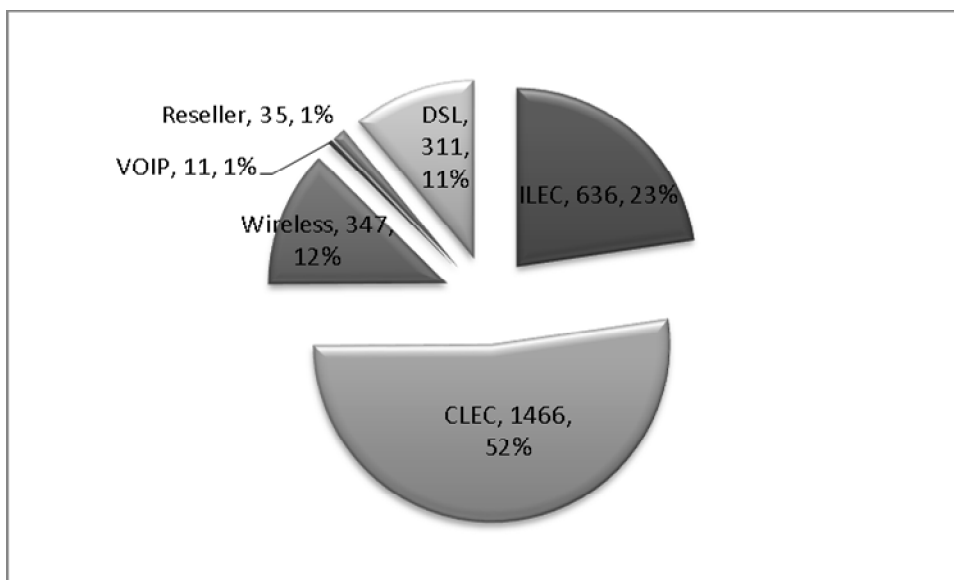


Telecommunications Top 10 Issues



In 2012 Independent Local Exchange Carriers and Competitive Local Exchange Carrier contacts made up 81% of all telecommunications calls to the Consumer Affairs call center.

Telecom Industry Contacts Brokendown By Percentages



Transportation Consumer Issues

The Transportation Unit of the Georgia Public Service Commission officially moved to the Department of Public Safety (DPS) on July 1, 2012, under the provisions of House Bill 865 enacted by the Georgia General Assembly. Governor Nathan Deal signed House Bill 865 into law on May 1, 2012. DPS will assume regulatory authority for Household Goods Movers, Passenger Motor Carriers, Limousines and Non-consensual Towing.

The Transportation Unit under DPS will be located at Motor Carrier Compliance Division, Regulations Compliance Section, 320 Chester Avenue S.E., Atlanta, GA 30316.

Consumer Affairs tracked issues relating to Household Goods Movers, Passenger Carriers and Non-Consensual Towing from January 1, 2012, to June 30, 2012. The total number of calls regarding these issues in 2012 was 1,218.

Consumer Affairs Community Outreach

The Consumer Affairs Unit continued their outreach activities by giving presentations to community groups and organizations. In 2012 the Consumer Affairs staff gave presentations at the Service Providers Network Meeting sponsored by the Atlanta Housing Authority, participated in the Atlanta-Fulton Public Library System Social

Service Fair and gave a presentation at the Council on Aging. Consumer Affairs Unit representatives also attended the H.E.A.T (Heating Energy Assistance Team, Inc.) annual meeting.

The Consumer Affairs Unit provided informational materials to groups involved in utility-related activities. The Commission continued its efforts to increase public awareness of the mission of the Georgia Public Service Commission and our commitment to assist the public with their utility related concerns and issues.

Internal Consultants Unit

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the Electric, Natural Gas, Telecommunications, Facilities Protection, and Consumer Affairs Units. The Unit provided technical, financial and economic analyses, as well as expert testimony as members of the Public Interest Advocacy Staff teams. In addition, the Unit provided technical and policy advice and recommendations to the Commission as leaders of the Commissioner Advisory Staff teams in contested dockets.

Federal Issues

The Commission monitored electric, natural gas and telecommunications issues on the federal level which potentially impact Georgia utility companies and Georgia ratepayers. Two of the major federal issues during 2012 that the Commission actively monitored include the Mercury and Air Toxics Standard (MATS) portion of the American Clean Energy and Security Act and the Yucca Mountain project, a proposed national nuclear waste repository

On December 20, 2011, the EPA issued its final rule. According to EPA the regulations, which have taken more than 20 years to formulate, would save thousands of lives and return economic and health benefits many times their estimated \$9.6 billion annual cost. In order to comply with the MATS, Georgia Power Company is relying on widely available, proven pollution control technologies, along with some unit retirements, to meet nationwide emission limits for toxic air pollutants. During 2012, the Commission worked with Georgia Power Company to help finalize its compliance strategy that was ultimately filed in the 2013 Integrated Resource Plan. The compliance strategy was designed to help Georgia Power meet our energy needs and mitigate the cost of compliance for Georgia ratepayers.

The issue of permanent disposal of high level nuclear waste continued to be at the forefront of important national issues. Currently, Georgia Power Company operates two nuclear plants, Plants Hatch and Vogtle, in the state of Georgia. Under the Nuclear Waste Policy Act of 1982, the federal government has committed to take the nuclear waste accumulated at these retail electric power plants for permanent disposal. To date, the Department of Energy has yet to develop a permanent repository for the waste and remove it from the plant sites where it is currently stored. Yet, Georgia Power Company's ratepayers have paid over \$818.6 million through June 2013 (which is the most recent data available and excluding interest or return on investment) into the Nuclear Waste Fund. Each utility is assessed a fee of one mill per kilowatt hour nuclear energy generated for disposal of the waste.

One major development relating to the nuclear waste disposal issue during 2010 was the formation of the Blue Ribbon Commission on America's Nuclear Future

by the Obama administration. During 2012, the Commission continued to work diligently with other state commissions, the Nuclear Waste Strategy Coalition, and the National Association of Regulatory Utility Commissioners to remain engaged in these matters and to protect the health, welfare, and economic interest of Georgia citizens and ratepayers.

The Commission issued its final report on January 26, 2012, recommending:

- 1) a new, consent-based approach to siting and developing nuclear waste management and disposal facilities,
- 2) a new, single-purpose organization to develop and implement the program with the authority and resources to succeed,
- 3) assured access to the funds generated by the annual nuclear waste fee payments collected from nuclear utility ratepayers,
- 4) prompt efforts to develop one or more geologic disposal facilities,
- 5) prompt efforts to develop one or more consolidated storage facilities,
- 6) prompt efforts to prepare for large-scale transport of spent nuclear fuel and high-level waste to storage and disposal facilities when such facilities become available,
- 7) support for research, development and demonstration (RD&D) of new nuclear energy technologies and for related workforce development, and
- 8) active international leadership to address safety, waste management, non-proliferation, and security concerns.

On January 11, 2013, one year later, the Department of Energy released its report “Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste” re-affirming the Blue Ribbon Commission’s recommendations. DOE’s Strategy calls for a phased, adaptive and consent-based approach to siting and implementing a comprehensive management and disposal system. This Strategy endorses a waste management system containing: 1) a pilot interim storage facility by 2021, 2) a large, full-scale interim storage facility by 2025, and 3) a geologic repository by 2048. The United States Congress will be conducting hearings on these reports while developing alternate plans and bills in an effort to determine the path ahead for spent nuclear fuel and high-level radioactive waste.

American Recovery and Reinvestment Act (ARRA) Group

The Commission formed the ARRA group within the Internal Consultants Unit in January 2010. This group is responsible for working on electric issues relating to Energy Efficiency, Renewable Energy, Smart Grid, Demand Response, Transmission and Distribution planning, and Plug-in Electric Vehicles. During 2012, the ARRA group facilitated several workshops related to Georgia Power’s Demand Side Management (DSM) Program in preparation for the 2013 DSM Plan. In the 2010 Integrated Resource Plan (IRP), the Commission approved and certified seven DSM programs for a period of 10 years, beginning January 1, 2011. The ARRA group monitored these programs to ensure that the Company met its energy savings targets.

The ARRA group continued to work on renewable issues including the monitoring of Georgia Power Company's Green Energy Program. The ARRA group served as the project leader for Georgia Power's 210 megawatt (MW) Advanced Solar Initiative (ASI). The ASI, which comprises distributed generation and utility scale projects, project size, was limited to 20 MW and the procurement of the capacity will take place in 2013. In addition, the ARRA team approved several renewable developers' requests for late notice and waivers for size pertaining to noticing in for Georgia Power's 2015 Request for Proposal.

During 2012, Georgia Power completed its smart meter rollout. The ARRA group continues to work with the Company to determine if there are other smart grid technologies and improvements that could be made to the grid to provide benefits to customers. As part of an agreement approved during the 2010 IRP docket, the Commission and Georgia Power are meeting at least quarterly to focus on the availability of online and other electronic methods of usage information access to customers. The ARRA group is also working with Georgia Power to develop a prepay option for its customers. The ARRA group continues to monitor customers' acceptance of the Time of Use (TOU) rates and the Electric Vehicle Time of Use (TOU-PEV1) rate. These Georgia Power rates allow customers to shift their usage from peak time periods to off peak.

Facilities Protection Unit

Pipeline Safety and GUFPA Challenges and Responsibilities in 2012

The Facilities Protection Unit of the Georgia Public Service Commission is composed of two sections: Pipeline Safety and Georgia Utility Facility Protection Act (GUFPA). The pipeline safety function is carried out under an agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation. The Pipeline Safety staff is responsible for enforcement of federal regulations regarding the safe installation and operation of natural gas pipelines. The year 2012 was the 44th year of this relationship between PHMSA and the Commission.

The Commission assumed responsibility for damage prevention efforts in 2000 following passage of the Georgia Utility Facility Protection Act (GUFPA). The goals of GUFPA are to prevent injury to Georgia citizens and damage to buried utility facilities by requiring those who perform mechanized excavation to call in advance for the location of buried utility facilities in the proposed area of excavation so that damage can be avoided.

During 2012 the Pipeline Safety staff of the Facilities Protection Unit monitored and inspected over 1,200 miles of transmission and nearly 44,000 miles of distribution pipelines, and more than 2,000,000 service lines transporting natural gas to Georgia customers in 147 counties. The Pipeline Safety staff evaluated operator compliance with the Pipeline Safety Regulations during 482 inspections, expending 969 inspection days.

Pipeline Safety Enforcement

The Commission's Pipeline Safety staff is responsible for implementation and enforcement of the Code of Federal Regulations, federal and state law, and Commission rules. As part of the Unit's responsibilities, Pipeline Safety staff enforces existing code requirements, implements new code requirements, and conducts compliance inspections, among other duties as required by the state's contract with PHMSA.

In regard to enforcement and implementation of code requirements, the Commission's Pipeline Safety staff continues to implement and enforce Parts 191, 192, 193, 199 and Part 40 of the Code of Federal Regulations. In addition, Congress passed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011, which seeks to improve safety and strengthen federal and state pipeline safety programs. The Commission made implementation of the Act a top priority; and to further strengthen its enforcement activities, the Commission has additional authority to adopt additional regulations as required under the Act.

Under its enforcement authority, the Pipeline Safety staff performed 482 inspections during 2012 for the following inspection types:

Inspection Type	Number of Inspections	Inspection Days	Units Inspected
Accident	2	7	4
Atmospheric Corrosion	7	7.5	19
Casings	2	2	2
Cathodic Protection	4	6	22
Comprehensive	50	179	121
Construction	28	46	112
CWSP	27	38.5	83
Damage Prevention	8	18	20
DIMP	37	79	66
Emergency Procedures	5	5	9
Follow Up	153	219	245
IMP(Integrity Mgt. Inspection)	3	5	6
Incident	1	2	3
Inspection of Right-of-Way	1	5	2
Leak Surveys	2	3	11
Leak Surveys (Business District)	2	5	6
LNG	1	1	1
Odorization	6	11	6
Operator Qualification	44	73	66
Operator Qualification Follow Up	3	4	4
Overpressure Safety Devices	5	14	16
Plastic Pipe Installation	1	0	2
Public Awareness	39	87	75
Purging	1	1	1
Special Project	23	38	29
Training	26	63	28
Valve Maintenance	1	2	10
TOTAL	482	921	969

Additionally, Pipeline Safety staff worked with both Countywide Gas Safety Plan (CWSP) Rule and Public Awareness Program initiatives this year. The CWSP rule was developed by the Commission to enhance communication, emergency response and safety among all the natural gas operators in the county. By the end of 2012, the Pipeline Safety staff completed comprehensive reviews on 41 of the 62 plans for counties with more than one natural gas operator, with the remaining counties nearing completion. The Public Awareness Program required by federal code is a requirement for all gas operators to conduct a program to educate their stakeholders about natural gas pipelines and safety-related information. In 2012, the Pipeline Safety staff was directed to complete an inspection of all operator Public Awareness Programs by the end of 2013.

Georgia Utility Facility Protection Act (GUFPA) Enforcement

Efforts to prevent damage to buried utilities in Georgia stem from the requirements of the Georgia Utility Facility Protection Act. The Act, passed in 2000 by the General Assembly, assigns responsibility for enforcement of the Act to the Georgia Public Service Commission.

During 2012, the Commission continued to face enforcement challenges due to the state's budget situation. However, the Commission applied for and received both the One Call Grant and the State Damage Prevention Grant awarded by PHMSA. The Commission received approximately \$143,000 in grant funds, which allowed the Commission to retain both a field investigator and an administrative assistant and provide their equipment.

The Commission continued its damage prevention efforts in FY 2012 by providing twenty GUFPA presentations to over 200 attendees and overseeing the administration of 410 Commission-approved dig law training presentations to 1,948 attendees representing locators, excavators and facility owner/operators. The GUFPA staff's participation in these meetings continued to strengthen the Commission's relationship with different groups across the state dedicated to damage prevention, such as: the Georgia Utility Contractor's Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

The Commission's GUFPA staff actively engaged the excavating community in 2012. Reported violations decreased in 2012 when a total of 4,685 violations were reported to the Commission. A total of 5,388 investigations were closed. The reduction in reported violations can be attributed to the combined effectiveness of education within the excavation community, the utilities and the commission.

Facility Protection Concerns

The Facilities Protection Unit staff, both GUFPA and Pipeline Safety, participated in recurring meetings with the Georgia Utility Coordinating Council (GUCC) Legislative Subcommittee to address proposed revisions to the GUFPA law with emphasis on changes related to dig law exemptions, large projects, defining reasonable care and provisions for certified locators. Although there was much debate regarding proposed revisions, the subcommittee ultimately agreed to postpone the presentation of any changes to the State Legislature until 2013, and subsequent to the signing of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011.

Administration Division

During 2012 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public by making the most prudent use of its resources. The Commission has been able to work within the constraints of its budget to promote efficiencies and make the maximum use of taxpayers' monies to fulfill its mission.

The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information and Legislative Liaison Office and the Office of Operational Support. An overview of the responsibilities and accomplishments of each of these is set forth below.

Budget and Fiscal Office

The primary role of the Budget and Fiscal Office is to develop the agency's Annual Operating Budget and monitor expenditures to ensure the Commission's compliance with all of its fiscal responsibilities. This task is accomplished, in conjunction with the Executive Director and the Commissioners, through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices as well as other Commission staff.

The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's State and Federal funding, purchasing, asset management and accurate financial reporting of results to federal, state and other agencies as required or requested. In 2012, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$10 million dollars.

The Office continued to support the state budget directions in meeting all directives to control and reduce the overall budget for the Commission by implementing enhanced analytical and modeling tools to monitor, control and forecast all expenses. The Office analyzed each budget item in great detail and revaluated in order to submit budgets for Amended FY 2013 and FY 2014.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and scheduled allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable, Payroll and General Ledger) are managed and performed using QuickBooks. The Commission's payroll processing and purchase orders are managed using the Georgia Technology Authority administered PeopleSoft System, as well as using PeopleSoft's Asset Management Module for items costing over \$1,000.

Executive Secretary

The Executive Secretary's Office receives all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters.

In 2012, this Office opened 1,853 new case dockets; processed 5,674 filed documents; and filed 1,800 orders prepared for the Chairman's and Executive Secretary's signature. The number of dockets has grown tremendously over the past two decades.

During 2012, the Commission held 87 public hearings constituting either a quorum of the Commission or a hearing officer assigned by the Commission. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum.

Regular Commission Administrative Sessions are held on the first and third Tuesdays of each month. Committee meetings are held on the Thursdays prior to Administrative Sessions. The four standing Committees of the Commission are Energy, Facilities Protection, Telecommunications and Administrative Affairs.

..

Human Resources Office

The Human Resources Office strives to meet the personnel and payroll needs of the Commission. This office remains available to provide assistance to employees in many work-related and personal areas.

While the Commission experienced the retirement of several long time staffers in 2012, it is vital that retention of staff and succession planning remain priority goals for the Commission and this Office.

In 2012, the Human Resources Office remained active in facilitating the self-sufficiency of Commission employees in several areas. For the second year eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2013. Most health insurance, flexible benefits and Employees' Retirement System forms (along with instructions for completion and filing) are now available via the internet and are accessible to any employee. Team Georgia continues to be a valuable resource for Commission staff. In addition to providing access to paychecks, leave balances and other benefit information, Team Georgia serves as a source for a wide array of information specifically geared to state employees. The site also includes information on discounts for communication and electronic devices as well as tickets for entertainment activities.

Public Information and Legislative Liaison Office

The Public Information Office coordinates official Commission news releases and media relations, maintains the Commission's public information files, supervises the Commission's website content and manages the agency's internal communications.

During 2012 local, state and national news media continued their extensive coverage of Commission activities. This coverage included proceedings on the Georgia Power Company fuel cost recovery rates, monitoring of the Georgia Power Plant Vogtle nuclear construction project, the Alternative Fueled Vehicles Roadshow and the construction of new compressed natural gas fueling stations.

The Public Information Office issued 33 news releases, and 55 media advisories; responded to over 150 national, state and local news media inquiries; conducted numerous interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use. The Office also coordinated responses to Open Records Requests.

The Office in conjunction with Consumer Affairs and NARUC also coordinated the publicity campaign for Lifeline-Linkup Awareness week during September 10 through 16, 2012. The campaign included a proclamation issued by the Governor, radio public service announcements, a statewide radio network interview and a news release

The Public Information Officer also serves as the Commission's Legislative Liaison and coordinates the Commission's legislative agenda. In this capacity, the Office responded to numerous legislator inquiries relating to constituent concerns, tracked more than a dozen pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates and coordinated the Commission response to legislative proposals.

During the 2012 Legislative Session, the General Assembly again decreased the Commission's budget for the fourth consecutive year even as state revenues continued to improve. Legislators introduced a number of bills which affected Commission operations which are listed in the section on Legislative Status for 2012.

The Public Information Office also continued to use social media by posting video news clips on the Commission YouTube Channel Commission statements and news media coverage and by using Twitter to release other information

In September 2012, the Public Information Officer was recalled to active duty in to take part in Operation Enduring Freedom in Afghanistan. He is expected to return to the Commission in June 2013. The Executive Director is performing the duties of the P.I.O. on a temporary basis until his return.

Highlight of Commission Activities in 2012

Dig Safely Month April 2012



April 11, 2012

Governor Nathan Deal presents Dig Safely Month Proclamation to Commissioners Tim Echols (first row, second from left) and Lauren “Bubba” McDonald, Jr. (first row, sixth from left)

Legislation Status for 2012 Session

A list of Commission monitored legislation, sponsors and status is provided below:

House Bills Introduced in 2012

- | | |
|-----------------------|--|
| House Bill 688 | by Rep.Doug Holt. Would require PSC to arbitrate disputes over condemnation by EMCs. Held in House Energy, Utilities and Telecommunications Committee |
| House Bill 769 | by Rep. Harry Geisinger. Lifts requirement for parties before the Commission to send filings to the defunded Consumers’ Utility Counsel. Passed and signed by the Governor. |
| House Bill 818 | Rep. Don Parsons. Provides tax credits for certain commercial geothermal heating systems. Passed House, Held in Senate committee. |
| House Bill 855 | by Rep. Mark Hamilton. Ends the Universal Access Fund by 2015 and caps the UAF. Held in House Rules. |
| House Bill 865 | by Rep. Alan Powell. Transfers Transportation Unit from the PSC to Department of Public Safety. Passed and signed by the Governor. |

- House Bill 1060** by Rep. Jay Roberts. Changes method of electing Commission Chairman. Held in House.
- House Bill 1115** by Rep. Mike Dudgeon. Removes Carrier of Last Resort requirement for some carriers. **Passed and signed by the Governor.**
- House Bill 1174** by Rep. James Hightower. Requires PSC to set DDDC for chicken houses heated by natural gas. Held in House Committee.

Senate Bills Introduced in 2012

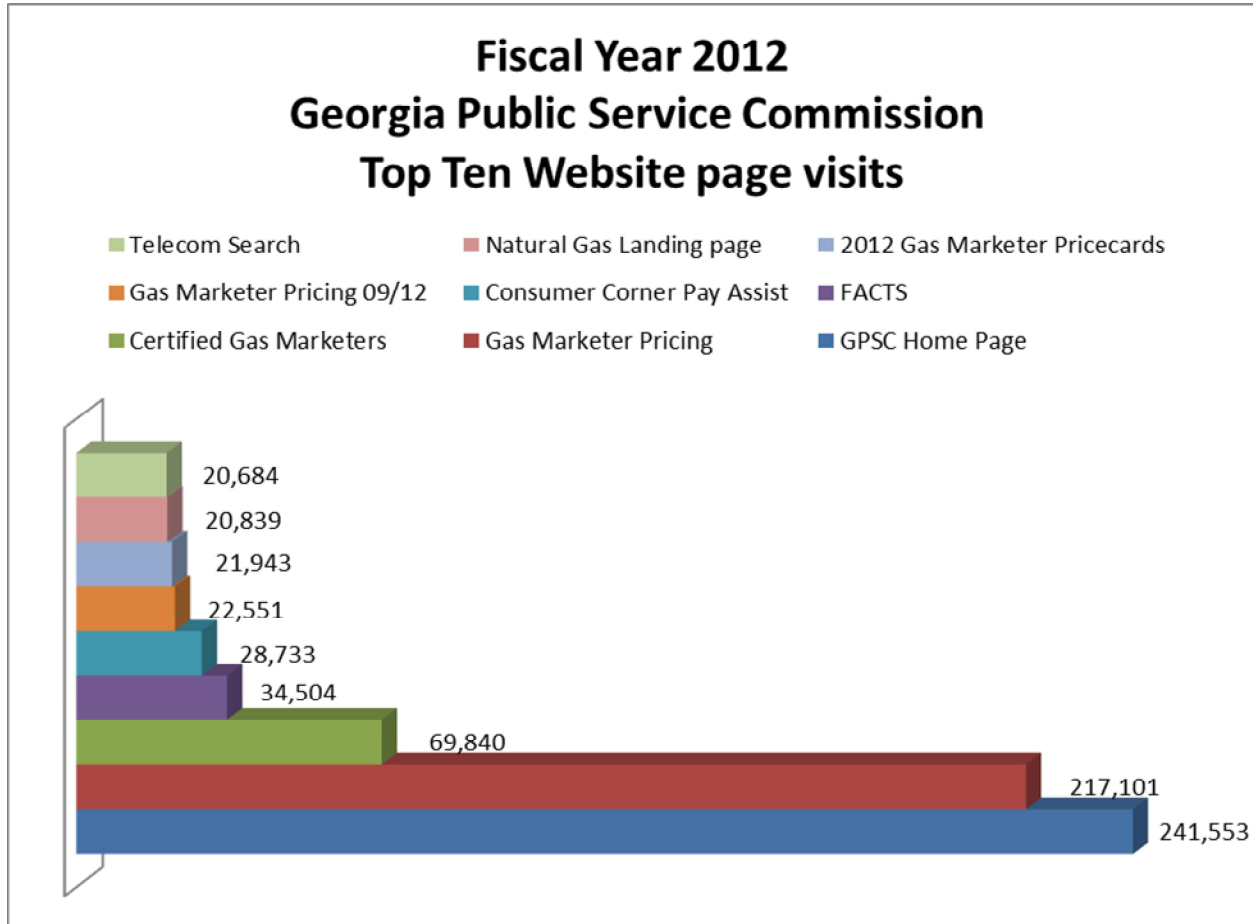
- Senate Bill 33** by Sen. David Shafer. Establishes zero based budgeting for state agencies. **Passed and signed by the Governor.**
- Senate Bill 313** by Sen. Chip Rogers. Requires municipalities to certify they are underserving areas with broadband. Held in Senate Committee
- Senate Bill 401** by Sen. Buddy Carter. Allows third party to sell electrical power. Held in Senate Committee.
- Senate Bill 408** by Sen. Jim Jeffares. Changes definition of excavation. Held in Senate Committee.
- Senate Bill 483** by Sen. Jeff Mullis. Changes method of electing the Commission Chairman. **Passed and signed by Governor**
- Senate Bill 454** by Sen. David Loudermilk. Same as House Bill 1115. Held in Senate Committee.
- Senate Bill 459** by Sen. David Shafer. Allows PSC to allow consumers to opt out of smart meters. Held in Senate Committee.

Legislation Affecting Agency Operations and State Employees

- House Bill 741,** by Rep. David Ralston. Amends the State's Fiscal Year 2012 spending plan. **Passed and signed by the Governor.**
- House Bill 742,** by Rep. David Ralston. Provides money for the State 2013 Fiscal Year beginning July 1, 2012. **Passed and signed by the Governor.**
- .

Office of Operations Support

Fiscal year 2012 brought continued efficiency improvements to the Office of Operations Support. During 2012 the objectives of the Operations Support office were to improve network continuity, increase functionality of its web infrastructure, and utilize alternative technology, such as open source code for development projects. The Georgia Public Service Commission website received 1,421,911 page views during the 2012 fiscal year. The chart below shows the top ten pages visited during FY 2012.



Due to budget constraints, the Unit focused on improving staff productivity, network data continuity and researching open source code for development projects. Operations Support began a migration of e-mail services to a new platform; this project will be complete by fall of 2013. Operations Support also completed a major programming overhaul to the Commission web-based audio broadcast which includes the calendar utilized by internal and external stakeholders for Commission hearings.

AGENCY BUDGET

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
General Assembly Appropriations	\$7,877,125	\$7,963,990	\$7,673,049
Federal and Other Funds	\$1,735,157	\$2,041,871	\$1,672,505
Total	\$9,632,282	\$10,005,861	\$9,345,554

Budgeted Expenditures

Personal Services	\$8,062,207	\$8,462,774	\$8,058,324
Regular Operating Expenses	\$391,192	\$423,334	\$367,193
Motor Vehicle Purchases	\$208,726	\$75,804	\$0
Equipment	\$5,094	\$56,697	\$10,633
Computer Charges	\$72,887	\$53,400	61,434
Real Estate Rental	\$659,811	\$659,791	\$669,849
Telecommunications	\$109,004	\$106,723	\$105,787
Contractual Services	\$103,420	\$167,338	\$72,334
Total	\$9,632,282	\$10,005,861	\$9,345,554

Associated Revenue

Regulatory Assessment Fees Paid Directly to Dept. of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Penalties and Fees Collected and Remitted to State Treasury	\$1,123,038	\$1,219,515	\$373,037
Total	\$2,173,038	\$2,269,515	\$1,423,037

**Notes: Penalties and Fees
Collected in FY 2013 through
December 31, 2012**

Georgia Public Service Commission
244 Washington Street, S.W.
Atlanta, Georgia 30334
404-656-4501 (telephone)
404-656-2341 (facsimile)
800-282-5813 (toll-free within Georgia)
www.psc.state.ga.us

© 2013 Georgia Public Service Commission